sector and enhance its competitiveness both domestically and globally. The package provides for easier access to credit, availability of collateral free composite loans upto Rs. 25 lakhs, capital subsidy for technology upgradation and improved infrastructure.

Lending rates for SSI

1072. SHRI K. RAMA MOHANA RAO: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether it is a fact that on the demand from the SSI, the RBI has agreed to reduce the lending rates to this sector;

(b) if so, the details of the demand made with regard to interest by various associations of the Small Scale Sector and the action contemplated by Government in this regard;

(c) whether Government are planning to introduce a legislation on delayed payments and other things relating to Small Scale Industries; and

(d) if so, the details thereof?

THE MINISTER OF SMALL SCALE INDUSTRIES (DR. C.P. THAKUR): (a) and (b) The Reserve Bank of India (RBI) in its meeting of the Standing Advisory Committee on flow of Institutional Credit to Small Scale Industries (SSIs) sector held on 15th January, 2003 in which some SSI Associations were also present, discussed various issues relating to SSI sector including reduction in lending rates to SSI sector. As a follow up, the RBI has advised the banks to set the interest rate on advances to SSI sector keeping in view prevailing general southward movement in interest rates.

(c) and (d) There already exists interest on delayed payments to Small Scale and Ancillary Industrial Undertakings Act, 1993, as amended in 1998, which facilitates prompt payment by large scale industries to SSI units. The Act provides for penal interest to be paid by buyers to suppliers if payment is made after due date and such interest paid by buyers shall not be allowed as deduction for the purpose of computation of income under Income Tax Act, 1961. SSI suppliers can also approach the Industry Facilitation Councils (IFCs) set up by State Governments for settlement of their disputes with the buyers in regard to delay in payments.